

MINUTES
SCOTTSDALE CITY COUNCIL
CITY COUNCIL MEETING
Tuesday, May 7, 2002

The Kiva
City Hall
Scottsdale, Arizona

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CALL TO ORDER (IN CITY HALL KIVA FORUM)

Mayor Manross called to order the Regular Meeting of the Scottsdale City Council on Tuesday, May 7, 2002 in the Kiva, City Hall, at 5:06 P.M.

ROLL CALL

Present: Mayor Mary Manross
Vice Mayor Tom Silverman
Council Members Ned O'Hearn, David Ortega, Robert Pettycrew, George Zraket, and Cynthia Lukas

Also Present: City Manager Jan Dolan
City Attorney David Pennartz
City Clerk Sonia Robertson

PLEDGE OF ALLEGIANCE

Scout Troop 1163 from Sequoya School led the audience in the pledge of allegiance.

INVOCATION

Robert King of 2nd Church of Christ Scientist in Scottsdale offered the invocation.

MINUTES

SPECIAL MEETINGS

REGULAR MEETINGS

EXECUTIVE SESSIONS

April 16, 2002

Councilman Ortega moved to approve the minutes for the regular meeting dated April 16, 2002. Councilwoman Lukas seconded the motion which carried 7/0.

PUBLIC COMMENT – NONE

Regular Agenda (Items 1-2)

Overview/discussion and public input on Rural Metro Assessment prepared by Maximus Consultants.

City Police Chief Doug Bartosh introduced the representatives from Maximus Consulting as Chris Carlson, Richard Brady, and Travis Miller.

Chief Bartosh explained that over 50 years ago, Rural Metro created a fire service that continues to serve Scottsdale today. Through the years, Rural Metro and the City worked as partners to create a fire and emergency medical system that was considered cost effective and progressive in its approach. The partnership led to a 1974 and 1985 ordinance requiring fire sprinklers in commercial and residential buildings respectively. In 1993, a sole source ambulance agreement was signed that assured that a paramedic would be on every fire truck and ambulance.

Ten years ago when the City renegotiated the contract with Rural Metro, the City asked an independent contractor to review the emergency medical and response system to ensure it was providing a quality service at a reasonable cost. The findings were that Rural Metro provided those qualities.

Last year, the City again undertook the task of renegotiating the contract and hired a consultant to review the level of service provided and recommended specific performance measures to include in a new contract. Tonight the results of the study conducted by Maximus Incorporated will be presented. Overall, the company found that Rural Metro provides a good level of service based on national guidelines for reasonable costs. Since the release of the report, some citizens have questioned whether the level of fire and emergency service provided by the City is sufficient. He stated that the City takes the concerns seriously and wants to ensure that the issue is discussed factually and constructively.

The purpose of tonight's presentation is to provide a clear understanding of the City's current fire and emergency medical services as well as the Maximus recommendations for improvements. The presentation should provide a clear picture of the national guidelines used to evaluate fire and emergency medical services.

Scottsdale has the responsibility for deciding what type of fire and emergency medical services it wants regardless of who operates the system. The three fundamental questions which must be answered are: 1) the level of service the community desires, 2) what the City is willing to pay, and 3) what is the best method for providing fire and emergency medical service at the best possible cost.

Richard Brady introduced himself vice president of Maximus and the project manager for the City's contract. He presented the first part of the presentation as summarized below.

Scope of Work

- ◆Analyze the delivery of fire services by Rural / Metro. (deployment of units, staffing, workload, etc)
- ◆Evaluate how these services are supported and managed. (training, prevention, human resources, etc)
- ◆Analyze the current contract with Rural / Metro.
- ◆Assess the feasibility of creating a City fire department. (financial and functional feasibility)

Project Methodology

- ◆ Extensive data collection on the characteristics of service, costs, etc.
- ◆ Extensive interviews in Rural/Metro, including management and line personnel.
- ◆ Survey of citizens who received fire service from R/M. (sent out 500 questionnaires)
- ◆ Comparison of Rural/Metro's performance against industry best practices.
- ◆ Analysis of the system's effectiveness.
- ◆ Analysis of service delivery alternatives.

Design of a Fire Protection System

- ◆ Fire stations and suppression staffing are important parts of the design of a fire protection system.
- ◆ However, there are many other critical elements:
 - Road network
 - Zoning
 - Dispatch system
 - Codes / ordinances
 - Training
 - Automatic and mutual aid

Service Levels Will Vary in a Community

- ◆ Every community provides a range of service levels.
- ◆ Very common to have service level objectives which mirror the risk levels or call volumes in a community.
- ◆ This will be the case even where service levels have been formally determined and articulated such as in Scottsdale.
- ◆ Scottsdale is in the minority of communities by taking the steps to mitigate risk through sprinklers, emergency medical pre-arrival instructions, etc.

Chris Carlson from Maximus continued the presentation at this point.

What Service Levels Are Appropriate for a Community?

- ◆ Each community has to make the determination of targeted service levels themselves.
- ◆ National associations have attempted to frame the choices which communities can make.
- ◆ The National Fire Protection Association (NFPA) is a non-regulatory, non-governmental body concerned with fire and life safety issues.
- ◆ NFPA 1710 is a recently adopted recommended set of guidelines for fire and EMS service delivery choices.

What Does NFPA 1710 Say?

Initial Response Time	Five minutes (including reaction time) for first fire unit and emergency medical unit (R.I.S. or Basic Life Support)
Full Response Time	Nine minutes (including reaction time) for full fire response and ALS emergency medical unit
Fire Unit Staffing	Four persons, but qualified based on deployment and use factors.
Fire Scene Staffing	Recommends 12 people within 9 minutes (including reaction time).
Mitigating Factors	These guidelines may be adjusted based on several factors – built in fire protection, codes dispatching, public education, etc.

Misconceptions About NFPA 1710

- ◆ NFPA 1710 is not a law that must be adopted.
- ◆ Nothing mandates that the City adopt these guidelines.
- ◆ NFPA 1710 does not supercede state law or locally adopted targets.
- ◆ NFPA 1710 does not recommend immediate implementation or adoption.
- ◆ NFPA 1710 is designed to help communities assess their risk and make their decisions about protection needs.

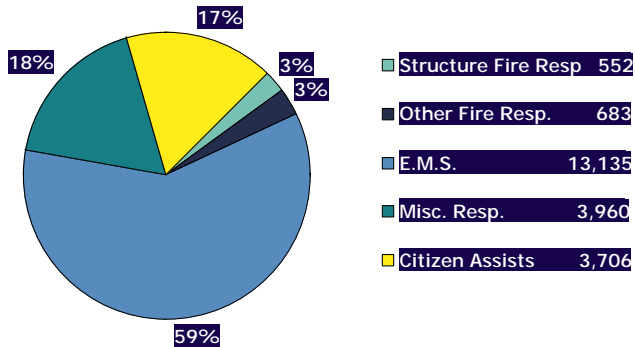
Travis Miller with Maximus continued the presentation from this point.

Scottsdale Coverage

- 61 Firefighters on duty per day
- 47 FF's Staff Fire Trucks
- 14 FF's Staff Fire Ambulances (funded through ambulance user fees)
- 172 firefighters needed
- Scottsdale fire contract funds 132 Firefighters.
- Ambulance user fees fund 40 Firefighters.
- 10 Fire Stations
- 11 - Engine Co
- 3 - Ladder /Truck Co
- 7 - Rescue Co
- 2 - Airport Units
- 8 - Other Specialty Units

Mr. Miller noted that only a tenth of 1% of structure fires in Scottsdale resulted in more than \$1,000 in damage.

Fire / EMS Activity in Scottsdale FY 2000/2001



10

Response Times

Station Response Time

820	6:44
818	6:19
816	4:50
812 (split area)	5:33
812	4:53
819	4:15
815	3:15
814	2:50
813	3:31
811 (split area)	3:30
811	3:29
810 (split area)	4:01
810	2:57
Overall City Average 4:09	

Response time as calculated above is the time from which the unit started moving until the unit reached the scene. On average, there was an additional minute between when the time when dispatch was given to the fire fighters, they were able to get dressed and in the truck, etc.

Mr. Miller explained that, as indicated below, the response times all fall within the performance goals that put forth in the current contract between the City and Rural Metro.

Analysis of Scottsdale's Response Network

- ◆Used a computer model (FLAME or Fire Station Location and Asset Management Environment) to evaluate the current response network.
- ◆Examined three major issues:
 - Ability to place a unit on-scene in four (4) minutes or less.
 - Ability to place 12 firefighters on-scene in eight (8) or less.
 - Ability to place 12 firefighters on-scene in 12 minutes or less.
- ◆The 12-minute guideline was developed by the project team based on the mitigation efforts already taken by the City of Scottsdale.
- ◆Citywide, the results are as follows:
 - 52% of road segments can be reached in four (4) minutes or less.
 - 49% of road segments can be reached in eight (8) minutes or less by 12 firefighters.
 - 73% of the road segments can be reached in 12 minutes or less by 12 firefighters.
- ◆Results are better south of Frank Lloyd Wright Boulevard due to higher concentration of resources and the road network.
- ◆Under the 12-minute guideline, 93% of this area can be reached by 12 firefighters.
- ◆No new stations will be required south of Frank Lloyd Wright Boulevard.
- ◆Addition of two new stations north of Frank Lloyd Wright will have a minor positive impact on coverage.
- ◆Analysis indicates that in spite of 'coverage' issues fire stations appear to be well located with respect to actual calls for service.
- ◆Moreover, because of the mitigation efforts undertaken by the City serious fire calls are rare – fire losses are 33% of the national average.

Scottsdale Fire Zones

Zone 1	69% of City Land Mass 10% of City Population 97% Commercial Sprinklered 95% Residential Sprinklered
Zone 2	24% of City Land Mass 41% of City Population 85% Commercial Sprinklered 65% Residential Sprinklered
Zone 3	7% of City Land Mass 49% of City Population 65% of Commercial Sprinklered 15% of Residential Sprinklered

Evaluating the Fire Protection System in Scottsdale

- ◆ Scottsdale has implemented several important mitigating factors, including:
 - Sprinklers in commercial and residential facilities.
 - Emergency medical dispatching (EMD).
 - Fire prevention and public education efforts.
 - Zoning and other land use regulations.
- ◆ Scottsdale has used these mitigating factors to control the risk of fire in the City.

Other Study Recommendations

- ◆ All fire companies should be staffed with 3 staff.
- ◆ The training program needs to be re-focused.
- ◆ General management enhancements including:
 - Use of data to make management decisions.
 - Increased use of battalion chiefs and officers.
 - Improvements to the technological infrastructure.
- ◆ Make changes to the oversight of Rural / Metro:
 - Fire Chief report to an assistant city manager.
 - Emergency services director still monitors contract for compliance.

Fire Department Feasibility

- ◆ Development of feasibility required a number of assumptions to be made:
 - Service levels.
 - Compensation and benefits.
 - Operating expenses.
 - Fire would not provide EMS transport.
 - No new stations would be added as a result of transfer.
 - Police would pick up dispatching for fire department.
 - Additional office space and additional support staff in other City departments.

Mr. Brady resumed the presentation. He stated that if the City were to decide to start its own fire department, the City would have to maintain two fire departments during the transitional phase to ensure proper coverage. Management staff would have to be on board early on to develop policies and procedures. Recruitment would take time as well as orienting the personnel.

He explained that Maximus made some assumptions in their analysis including that the City would not be involved in EMS transport if the City started a municipal fire department. Their firm also assumed that no new stations would be added beyond the ones already planned and that emergency dispatching would

be consolidated. He estimated that the startup costs for a municipal fire department would be between \$6-7 million.

Fire Department Feasibility

- ◆The project team made the assumption that field deployment would be the same as today's.
- ◆The City has already made much of the capital investment to start-up a municipal department.
- ◆There are several issues which Scottsdale's fire service will face impacting costs (e.g., work week and personnel costs).
- ◆Over time, the costs of a municipal and private service may merge.

Current Contract Assessment

- ◆The current contract has evolved from prior contracts over past decades.
- ◆This has created a situation in which it is difficult to link programmatic efforts to what the City is paying.
- ◆Current approach may be forcing Rural / Metro to make decisions between profitability and the provision of the service.

Recommended Contract Changes

- ◆Halt practice of basing budget on prior year and inflating those costs.
- ◆Move to a cost plus fee approach on a program budget basis.
- ◆Define the service, determine the cost, approve a profit margin.
- ◆Continue with performance measures on a broader range of operational issues.

Conclusions

- ◆There are 'issues' with fire protection coverage – new stations will help to address these issues.
- ◆In spite of this, fire losses are very low in Scottsdale.
- ◆This is because the City has taken a number of steps to control fire risks in other ways.
- ◆The City has the choice to change the design of its fire services system and achieve a more uniform level of coverage.
- ◆However, this would result in extraordinary capital expenditures and significant operating cost increases.

Mayor Manross opened public testimony.

Katie Cirelli, 8348 E. Columbus Avenue, explained that she is speaking to Council as a Scottsdale business owner who is committed to modernizing the Fire Department in order to protect lives and property within the community. She stated that she signed the petition to amend the City Charter which would be the first step in modernizing fire and emergency services by creating a municipal fire department. She expressed her belief that the formation of the municipal fire department would cost the City nothing since it already owns the fire stations and equipment.

Daniel Svoboda, 8601 E. Plaza Avenue, recanted a story of how Rural Metro took over 10 minutes to respond to what was a small fire at his neighbor's house. Due to the delay in response time, the fire had engulfed the home by the time help arrived. He stated his belief that the City should take a hard look at how it spends its money on fire protection. He expressed his opinion that the City should eliminate the middleman.

Rich Woerth, 4315 N. 68th Street, pointed out that he has been in fire service for 15 years; therefore, felt he has some credibility regarding this subject. He stated he is currently working in Tempe as a Captain in their fire department. He stated that Rural Metro credits themselves with having a 4-minute 9-second response time while Tempe has a response time of 4-minute 16-seconds. He explained that Rural Metro fails to communicate to the City that there is an average of a minute and one-half for route time that should be added onto their reported time. In Tempe, the route time is approximately 30 seconds. He noted that with the additional time added onto the response time, Rural Metro takes longer to respond than the guideline permits. He expressed his opinion that Council needs to look at the quality of service Rural Metro provides since Scottsdale residents deserve the same quality of service that surrounding communities provide.

In response to questions from Councilman Pettycrew, Mr. Woerth stated that Scottsdale is out in front of other valley communities regarding the City's sprinkler code. He pointed out the fact that he has never seen a sprinkler system assist anyone on a drowning or EMS call.

Wendy Springborn-Pitman, 20645 N. 74th Way, spoke as a member of the Citizen's Committee to Protect Scottsdale. She explained that the recent training accident that killed a Scottsdale police officer brought the issue of benefits to her attention since her brother is a paramedic for Rural Metro. She displayed a comparison of the death benefits provided for employees of Rural Metro to municipalities in the valley to illustrate the lack of death benefits for employees of Rural Metro.

Jim Cunningham, 8523 E. Hazelwood, explained that he has been a resident of the City since 1961 and an honorary fire fighter with the City of Phoenix. He expressed his opinion that the City shouldn't be focusing on the bottom line. Historically, the original purpose of a municipal government was to provide fire protection. He stated that he is opposed to the privatization of providing fire and emergency services.

Steve Springborn, 8313 East Hubbell Street, spoke as a City resident, fire fighter in the City, and president of the Fire Fighter Association. He noted that the consultant's report indicated that 52% of the City could be reached in 4 minutes or less; however, the percentage is not a realistic number since the calculation deals with road segments. He pointed out that all homes in the City are located on road segments. He quoted the percentage indicating that 48% of the City cannot be reached in 4 minutes or less. He stated that the 4 minute standard is the level that courts use when determining what level of service should be maintained for liability purposes. He acknowledged the proactive stance the City and Rural Metro took through the years but questioned what is being done now that is proactive. He pointed out that the OSHA staffing requirement to provide 4 people per fire truck is done for safety reasons. He explained that breaking the law by staffing the trucks with less people creates a liability issue for the City.

Oliver Badgio, 15555 N. F.L.W. Blvd., stated that he is a restaurant owner in Scottsdale and concerned citizen. He explained that he has a certain level of responsibility for the safety of the people who frequent his establishment. He expressed his opinion that this is an opportunity for the City to improve the fire and emergency services it provides. He questioned the statistic presented by Maximus stating that only one-tenth of one percent of the fires in the City resulted in more than \$1000 damage. He pointed out that this

figure only includes fire damage; therefore, excludes smoke and water damage. He explained that for a small business, this additional damage would have a devastating impact on the business itself.

Kara Woerth, 8301 E. Jan Rafael, chairman for the Citizens to Protect Scottsdale and our Fire Fighters, explained that she is a Division Chief for the City of Phoenix Fire Department. Most recently, she oversaw the City's communication center. Currently, the City of Mesa, Phoenix, Tempe, Chandler, and 18 other municipalities are part of the Automatic Aid System with computers on each fire apparatus enabling detailed information to be communicated to the response team including updates as they are available. She pointed out that Scottsdale uses a system of pagers and tones which increase response times and effectiveness. The cities using the Automatic Aid System use GPS (global positioning satellite) as a dispatch tool. This enables the most appropriate fire truck to be dispatched to the emergency regardless of the City boundaries or jurisdiction thus providing a quicker, more efficient response. She pointed out that the City of Scottsdale is not consistent with staffing provided by surrounding communities nor does the City meet national standards. She stated that the citizens of Scottsdale deserve the same level of protection surrounding communities receive.

Councilman Ortega explained that he has researched locations of fire stations on the City of Phoenix website. He expressed an interest in knowing the status of new stations in the city since it appears that Phoenix only has two stations located north of the CAP. Ms. Woerth explained that the City of Phoenix will be implementing 10 fire stations over the next 5 years in that area.

Lee Tannenbaum, 8549 E. Vista Drive, questioned why Maximus' presentation was one sided in favor of Rural Metro. She expressed concern that this issue is an effort for either the City Council or a union to "grab power". She stated her belief that it doesn't appear that the interests of the City are being considered in context. She urged Council to stand back and consider all the options before making decisions.

Bob Vairo, 10040 E. Happy Valley Road, #451, spoke as a representative of the Coalition of Pinnacle Peak. He explained that members of his organization have been immersed in reviewing the Maximus report over the past month as well as receiving a presentation from the leaders of the citizen's initiative. He stated that although members of his organization now have an insight on the issue, they are not skilled in this field. He expressed disappointment regarding the Maximus report since it didn't provide detailed information on non-fire emergencies. He questioned the financial condition of Rural Metro and stated his belief that the financial condition should be foremost in the Council's mind. He pointed out that the citizen's group feels they can provide the same or better level of service provided by Rural Metro at the same cost. He felt this is a compelling reason to bring the service in-house. He stated his support of assembling a citizen's panel to review the issues as soon as possible.

Rick Kidder, 7343 Scottsdale Mall, spoke as a representative of the Scottsdale Chamber of Commerce. He explained that a letter was hand delivered to the Council from the Chamber dated April 26th outlining their idea to assemble a citizen's panel to review the City's options for providing fire and emergency services. He stated that he is thrilled to have Council's support for the idea and read the letter into record. The letter outlined the purpose of the panel as follows: 1) weigh alternatives for levels of service and advise the City Council on appropriate base line standards for staffing, response time, etc., 2) develop uniformed definitions and reporting methodology based on those standards for service, and 3) provide an objective analysis of the financial impacts of those recommendations based upon business plans submitted by Rural Metro and the union backed citizen's group. The letter called upon both Rural Metro and the citizen's group to prepare a comprehensive business plan for the City's fire service.

Marion Murray, (no address given), explained that she usually promotes restraint for City spending. In this instance, she stated her support of a municipal fire and emergency service. She explained that the human element of providing these services should be taken into consideration. She expressed her belief that the men and woman who protect the community should be treated fairly and receive benefits. She agreed that a citizen's panel should be compiled to address citizen's concerns and provide the Council with information.

Virginia Korte, 8222 E. Gale Road, stated her support for the formation of the citizen's panel as proposed by the Scottsdale Area Chamber of Commerce. She stated her belief that the City must be careful to make the committee a representative group since the City is diverse. She felt the group should be comprised of individuals that are able to come together around a table with mutual respect for each others opinions. She also requested that the Chamber of Commerce be represented on the panel.

Mayor Manross closed public testimony. An additional two cards were received in support of forming a municipal fire service while one card was received in support of Rural Metro from citizens who did not wish to speak.

In response to questions from Mayor Manross, Mr. Miller explained that road segments that have significant commercial, highly dense development, potentially high rise structures, etc. do not generate the same types of workload that a short, sparsely populated stretch of roadway generates. Mr. Brady pointed out that the FLAME model is a static GIS system that works well in a community that is uniformly populated; however, this isn't the case in Scottsdale. That is why the FLAME model wasn't the only method used in compiling data for their report. Maximus looked at the number of calls the fire service responded to. That is why his firm concluded that the fire stations tend to be strategically located.

Mayor Manross pointed out that Scottsdale is almost four times as large as Tempe with almost double Tempe's population. She stated that she is trying not to compare the City's service with other Cities directly and yet still judge the level of service for the City.

Councilman Pettycrew explained that the Council must look at this issue from a citizen viewpoint and ensure that the City is providing the best possible service with the best possible price. Council must determine the service level for the City while considering the regional aspects of the community. He pointed out that at least 95% of the City buildings have sprinklers. He stated his support for the formation of a citizens committee as suggested at the earliest possible date. If the committee is formed, he explained that he'd like them to investigate the OSHA requirement of having 4 people per truck to ensure that the City is in compliance as well as address the issue of an Automated Aid System. Councilman Pettycrew stated that the issues must be addressed and weighed so Council can make an informed decision to be able to provide adequate fire and emergency services to the City.

Mayor Manross requested that Ms. Dolan present some type of structure consisting of alternative choices for Council, the appropriate way to assemble a committee, and an outline of staffing issues involved with a municipal fire department, etc.

Councilman Zraket expressed his opinion that based on tonight's discussion, if this issue hasn't reached an emotional state, it will in the near future. Since no decisions are going to be made tonight with respect to any of these issues, he suggested that the sooner the panel is assembled, the quicker the questions can be resolved. He recommended that Council should move to declare their desire to establish a citizen's panel. Council could then define the panel's goals, framework, and date the panel would commence.

Mayor Manross pointed out that the City has past audits along with the Maximus report including possible transition information to be used by the panel. She asked Ms. Dolan what type of timeframe would be needed for her to compile the requested information regarding assembling the panel. Ms. Dolan explained that the information could be available and presented to Council by May 13th.

Councilwoman Lukas expressed her belief that it would be appropriate for a citizens panel to research and provide answers to a lot of the questions raised tonight. She stated that the group should create definitions so Council can compare "apples to apples". It would also be important for Council to give the panel direction as to the expected outcome of their work. She explained that the bottom line isn't monetary but concerns the human element involved in this issue. She felt the panel could add to the good information already provided by the Maximus study.

Councilman Ortega stated his belief that the City has to be realistic. In less than 30 days, Council will vote on a budget which includes fire protection whereas the provider will serve the City from 2002-03. The current status is that Rural Metro is under contract with the City of Scottsdale until the end of July. Any transition point would have to be well thoughtout so there would be seamless and uninterrupted service. He stated his belief that this could not be accomplished in 30 days. It was his opinion that it is important to let the public know that the Council is going to do the best job it can to ensure that no abrupt decision is made since it is imperative that Council make the right choice.

Councilman Ortega explained that the City is ahead in terms of capital improvements for planning zone 3 (northern part of the City). He stated that the number one goal is the protection of the citizens. He asked for confirmation that the startup cost for a municipal fire department would be between \$5-7 million. He pointed out that the City must budget money for such a transition. He stated that the City should negotiate the contract keeping in mind a clause that would allow the City to transition to a municipal department if Council makes the determination that it is the appropriate avenue to take. Mr. Brady confirmed that Maximus estimated the conversion to cost between \$5 to 7 million.

Mayor Manross explained that the budget would give the City time to analyze the issues. She felt the City needs to do its best to create an unbiased group to look at all the sides of the issue. She agreed that safety is the number 1 priority.

Councilman O'Hearn disagreed that Council should leave all the questioning up to the panel. He asked if any statistics are kept regarding the outcome of the emergency medical services. Mr. Brady explained that they are kept selectively; however, not as broadly as Maximus recommends. He stated that outcome statistics for emergency medical services are maintained. Mr. Carlson explained that the statistics are not available tonight as they relate to the system although the fire service does maintain them. Maximus did not specifically look at the EMS side of the equation since outcome statistics as they relate to emergency medical services are difficult to determine due to a high number of variables involved including the expertise of the emergency workers, the distance to the hospital, and the extent of the patient's injuries. He noted that there are standards or benchmarks for certain instances.

In response to additional questions from Councilman O'Hearn, Mr. Brady explained that there are different types of user fees charged by various municipalities. He estimated that at least half of the municipalities that have EMS services have a user fee.

Mr. Brady confirmed that representatives of Maximus felt that 12 fire fighters on the scene in 12 minutes is the equivalent to 12 fire fighters on the scene in 8 minutes in Scottsdale due to the City's terrain. He stated that Scottsdale's development is different than most communities.

Councilman O'Hearn asked the consultants to address the issue of 2 in - 2 out (referring to the OSHA regulation requiring two people outside a burning structure with two people entering the structure if there is a life threatening situation.) Mr. Miller explained that in the absence of information indicating that there is an immediate threat to life within the burning structure, the 2 in - 2 out rule requires that 2 fire fighters be outside the structure while at least two fire fighters enter the structure. If there aren't at least 2 fire fighters on the outside and 2 inside, the fire fighters are restricted from entering the structure. Councilman O'Hearn pointed out that if one person stayed inside to help a second person, no one would be outside the structure to request assistance.

In response to additional questions from Councilman O'Hearn, Mr. Brady estimated that the City is 3-5 years away from having the costs (privatization vs municipal) for providing fire and emergency services intersect. If the City was to make the decision to create a municipal fire department, the planning and implementation would take 18-24 months.

Mr. Brady explained that the City of Scottsdale is quite unique in its approach to providing these type of services. The national trend is to bring the EMS services back in-house.

Mr. Brady confirmed for Councilman O'Hearn that Rural Metro is amenable to a cost plus fee approach regarding their contract with the City.

In response to some of the comments from citizens, Councilman O'Hearn assured the public that the City isn't using horse drawn wagons and bucket brigades to fight fires. Mr. Brady explained the term modernization when referring to the City's fire protection refers to items like communication systems, information management, etc.

Councilman O'Hearn outlined the issues before Council as: 1) what level of service does the community desire, 2) what is the City willing to pay for that service, and 3) what is the appropriate vehicle to provide the service.

Councilman O'Hearn explained that he could be supportive of the panel although he expressed some reservations since previous panels haven't been consistently successful. He expressed his opinion that the City should develop an application for the citizen task force which should be placed on the Internet. The application should provide space for the applicant to explain who they are, why they want to serve on the panel, and their background, etc. He stated his belief that a facilitator should be appointed. At the same time, Council should clearly articulate the framework for the panel's discussion.

Councilman Zraket agreed that some of the citizen task forces are off course. He suggested that the Council must specify deadline for the committee to present its findings to Council. He stated that there is another option besides creating a municipal fire department or signing another Rural Metro contract. He explained that the City should also look at the option of a hybrid between a municipal system and Rural Metro by contracting with Rural Metro for some of the services currently provided by them.

Ms. Dolan explained that the broader decision facing Council involves: 1) the level of service for fire and emergency services the City wants, 2) what the City deems a reasonable cost for those services, 3) deciding what models might be used, and 4) deciding who will be involved in the panel. Once that broader decision is made, Ms. Dolan suggested that Council should consider the impact of their decision on neighboring communities.

Mayor Manross summed up the discussion by stating that this is the formal beginning of the community dialog on this issue. She expressed confidence that Council will make an informed decision.

2. Action:

Solicit public testimony on the Proposed 2002/03 Program and Capital Improvement budget.

Purpose:

To receive public input relative to the Proposed 2002/03 Operating Budget and Capital Improvement Plan.

Key Considerations:

Receiving public input on the City's proposed operating budget and capital improvement plan is desired to gauge alignment of proposed expenditures and budget outcomes with citizen expectations.

The Proposed Budget totals \$907.8 million and consists of the Program Budget - \$331.7 million; Capital Improvement Plan - \$549.7 million, including \$351.9 million of carryover budget authorization from prior years for projects not yet complete; and Grants and Trust Activity - \$26.4 million. Additionally, \$28.5 million of budget authorization for use of contingencies and reserves will be included in the legal appropriation, per Arizona State Statute; however, actual authorization to expend reserves requires City Council approval via Council Action for each such occurrence.

Tentative adoption of the budget will take place on May 20, 2002. At that time, Council may insert new items or may increase or decrease any items of the budget, but with the adoption of the tentative budget, the council has set the maximum limits for expenditure. The budget may then be reduced, but not increased when the final adoption takes place on June 3, 2002.

Consistent with government fund accounting standards, the City uses a series of fund types to ensure legal compliance and financial management for various revenues and program expenditures. Highlights by fund type are:

- General Fund – resources increase \$5.8 million (2.9%) to \$205.1 million; expenditures and transfers increase \$2.4 million (1.2%) to \$203.0 million; and the difference of \$2.1 million increases the year-end Unreserved General Fund balance to a total of \$2.8 million, maintains the Economic Investment Reserve at \$5.0 million, and fully funds the General Fund Emergency Reserve at 10% of general governmental operating expenditures per financial policy. No net increase in staff is proposed; thirteen new positions are reallocated from existing open, unfilled positions.
- Special Revenue funds – resources increase \$1.9 million (3.1%) to \$62.4 million; expenditures & transfers increase \$1.7 million (2.9%) to \$62.2 million; and the difference of \$200,000 increases the restricted fund balance. No new positions are proposed.
- Enterprise funds – resources increase \$5.2 million (4.7%) to \$123.4 million; expenditures and transfers decrease \$2.2 million (-1.7%) to \$120.9 million; and restricted fund balance increases by \$3.0 million. The proposed budget includes 1.5 net new positions.

(Regular Agenda Continued)

- Internal Service funds – resources decrease \$0.6 million (-3.7%) to \$16.6 million; expenditures and transfers decrease \$4.0 million (-18.3%) to \$17.8 million; and restricted fund balance decreases \$1.2 million as forecast. The unique nature of this type of fund – internal user charges set to recover cost

over several years, and uneven vehicle replacement schedule – can result in larger variances from year to year than in other fund types. No new positions are proposed.

- Debt Service funds – resources increase \$1.1 million (4.5%) to \$26.5 million; expenditures and transfers increase \$1.1 million (4.5%) to \$26.5 million; and ending restricted fund balance remains at \$7.3 million.
- Capital Improvement funds - the 2002/03 proposed budget consists of \$549.7 million in project expenditures, including \$351.9 million of carryover budget authorization from prior years for projects not yet complete. The plan is funded by a combination of \$198.4 million in new resources and use of prior year-end fund balance. One new position is added to support the Bond 2000 program. Resources and expenditures vary widely from year to year due to the unique nature of these funds – one-time expenditures occur over one or many years, with unexpended balances re-appropriated each year.
- Grant and Trust funds – resources and expenditures both increase by \$5.0 million (approximately 25%) to \$26.4 million. The budget includes contingent revenue and expenditures of \$16.8 million for possible future grants; however the city will only expend grant funds that have been awarded by the appropriate agency and accepted by City Council via Council Action for each such occurrence.

Staff Contact:

Craig Clifford, Chief Financial Officer, (480) 312-2364, cclifford@ci.scottsdale.az.us

Judy Frost, Budget Director, (480) 312-2435, jfrost@ci.scottsdale.az.us

Craig Clifford explained that this is the first public hearing for the proposed fiscal year for the year 2002-03 budget. Mr. Clifford's slide presentation has been summarized below.

Public Outreach

- Budget Summary in Local Newspapers
- Tribune & Republic – May 1st
- Internet - www.ci.scottsdale.az.us
- On service counters at City Hall, Libraries, & Citizen Service Centers
- Water/Sewer Rate Fee Public Info Meetings
- April 23rd HRS Pinnacle Room
- April 25th Water Campus
- Citizen Budget Committee Report May 6
- Public Hearings May 7, May 20, June 3

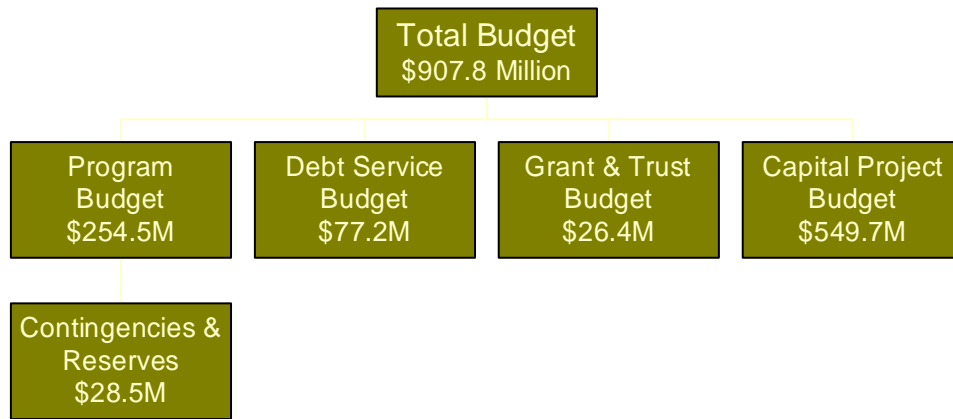
Future Budget Environment

Future Revenue Expectations:

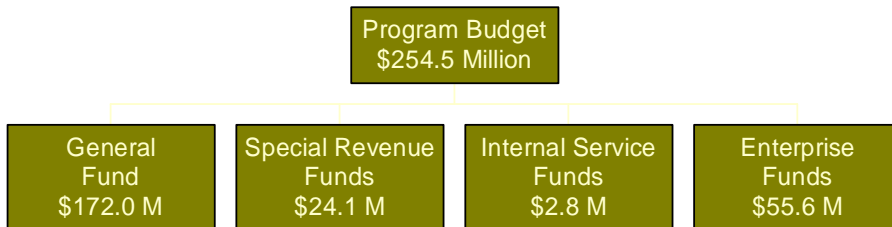
- Slower rate of sales tax growth
- Slower rate of growth for development and property tax base
- Slower rate of growth (or reduction) for shared state revenues

Future Expenditure Expectations:

- Maintain citizen service levels
- State & Federal unfunded mandates
- Increased citizen service needs during economic downturns



Program Budget (Citizen Services)



The Program Budget funds the day-to-day service costs to provide citizen services and administer city operations. Similar to an individual homeowner's budget for groceries, clothing and utilities.

General Fund Focus

- General Fund is the City's largest fund and includes basic city services, e.g., Fire, Police, Library, Parks, and Social Services
- Funded by primarily by revenues that are more susceptible to economic change and for which we have little control, e.g., sales tax, bed tax, state-shared revenues

General Fund Budget Focus (*General Tax Revenues – All Other Services*)

General Fund is funded by a variety of revenue sources, predominantly self reported salestax, limited property tax, development fees, other user charges and miscellaneous revenues.



General Fund Focus – Fiscal Capacity

- Conservative revenue forecast \$205.0M, 2.9%
- Proposed budget & transfers \$203.0M, 1.2%
- \$186.1M Program Budget
- \$172.1 Program / Service Expenditures
- \$14.1M Debt Service Expenditures
- \$12.9M Transfer to Capital Improvement Plan
- \$3.7M for equipment and preventative maintenance
- \$9.2M for other projects with no financing source
- \$3.9M Transfer to HURFund for Transportation
- Net difference revenues over exp. & transfers of \$2.0M adds to unreserved balance = \$2.8M total
(available for contingency or Council use)

General Fund Focus -Fiscal Capacity

Revenue – 2002/03 Forecast	\$205.0
Expenditure Budget Service Programs & Debt Service	(186.1)
Net Operating Surplus	18.9
Transfers Out To Capital Projects & HURF Budgets	(16.9)
Net Revenues over Exp. & Transfers	2.0
Estimated FYE Unreserved	\$2.8

General Fund 2002/03 - Staffing

	2001/02 Forecast	2002/03 Proposed	Net Chg
A. Community	1,129.0	1,139.0	10.0
B. Environment	176.8	170.8	-6.0
C. Movement	20.0	19.0	-1.0
D. Econ Prosperity	10.0	10.0	
E. Infrastructure	50.0	51.0	1.0
F. Responsiveness	131.4	127.4	-4.0
G. Fiscal Stability	175.8	175.8	
Program Staffing	1692.9	1692.9	N/C

Amounts Listed are in FTEs

13 proposed new positions costing \$667,720 offset by:

13 proposed open positions eliminated costing (\$733,153)

General Fund -Highlights

- Transition of 30 Police positions from grant funds
- 8 new positions in Police Communications
- Increase in Photo Radar contract
- Contractual increase for Fire Protection
- 1 new Paralegal position to support In-house Litigation efforts
- Addition of Enhanced Notification Program in Development Services
- Elimination of 6 positions in Planning & Development
- 1 new Maintenance Electrician
- Additional maintenance and custodial costs for new Fire Stations and Family Advocacy Center
- Elimination of Community Services Marketing & Sponsorship position
- Elimination of Transportation Issues Manager position
- Elimination of Information Systems Consultant position
- Expansion of Monthly Pride Newsletter & mailing to residents
- Conversion of Capital Improvement Plan support position for Bond 2000 Program
- Elimination of Endowment Officer position
- Increase in credit card merchant costs and postage
- Reduction in Elections budget – none planned

General Fund - Contingencies

- Continued review of open positions before recruitment and hiring - weekly
- Operating budget monitoring - monthly
- Capital budget monitoring – monthly
- Revenue monitoring - monthly
- Unreserved Fund Balance of \$2.8M (flex)
- Operating Contingency of \$1.5M
- Economic Investment Reserve of \$5.0M
- General Fund Reserve of \$21.1M

In response to questions from Councilman Zraket, Mr. Clifford explained that the unreserved money is money that management has not set aside for specific reserves per the City's financial policy or legal reserves that are mandated. The estimated balance of \$2.8 million is in the general fund as unreserved.

Councilman Zraket pointed out that the Fitch report identified the City's unreserved general fund balance at the end of the fiscal year 2001 was more than \$72 million. Mr. Clifford explained that the financial analyst at the rating agencies are reviewing both the City's budget and audited financial statements. The audited financial statements present all the City's fund balances at a specific point in time (June 30, 2001). The \$72 million represents all of the City's reserves including its policy reserves and externally imposed reserves. The City has maturing investments that come due virtually every June to allow the City to pay the substantial debt service that is due on July 1st of each fiscal year.

Councilman Pettycrew asked Mr. Clifford to confirm that the reductions in funding being implemented by the County and State are being addressed in the City's budget. Mr. Clifford explained that although he didn't know the exact reductions that may be imposed, staff expects reductions that will impact social service agencies. The City's social services would not be impacted directly; however, because the City relies on non-profit service providers to deliver the social services, the community will feel some impact of the reductions. When the City's fund allocation process begins next fall, the City will be in a better position to understand the full impacts of State reductions and can target funds where they are most needed.

Mr. Clifford pointed out that in response to questions from Council at a previous public meeting, white pages were handed out to detail the requested information. The paper (copy attached) details social service block grant funds, provides a technology update, and addresses the topic of burglaries in the community, as well as provides departmental/program budget comparisons.

Mayor Manross opened public testimony.

Lyle Wurtz, 6510 E. Palm Lane, expressed his belief that the budget, like many before it, has too much “fluff” included. He stated that too often, the City government has catered to the development industry and Chamber of Commerce. He stated that he has lived in Arizona for many years and pointed out that his taxes and fees have never decreased. He stated that citizens are now burdened by the fraud, greed, and incompetence in Federal, State, and City governments. He estimated that the City forecasts for economic growth are way too optimistic. He questioned why the City is adding payroll rather than reducing the workforce like the majority of privately owned businesses. He questioned why the City is talking about salary increases and why 38% of employees are at the top of their scale. He questioned the additional funding being proposed for the Cultural Council when it was his belief that the City should be eliminating all funding.

Jozef de Groot, 8455 E. Gary Road, stated his support of implementing an ordinance to ensure that all contractors for the City earn at least the minimum wage.

John Nichols, 10450 E. Desert Cove Ave., spoke on behalf of the Cultural Council. He urged the City to support the requested base adjustment and optional \$2 million requested by the Cultural Council for additional programs. He explained that the Cultural Council has been hit hard by downturn in the economy; thus, the increase is essential. He talked about the Scottsdale Museum of Contemporary Art and educational program supported by the Cultural Council and how the programs positively impact the community. He strongly urged Council to support both of the initiatives.

John Berry, 8029 N. 74th Place, spoke as the voluntary chairman of the Scottsdale Cultural Council. He explained that the arts are extremely important to Arizona and the City. In 14 years, the Cultural Council has never requested an increase in their base funding other than the 3% increase given annually. As the City has grown over the last 14 years, Cultural Council’s budget has grown although the City’s contribution has not. For every \$1 the City invests in the arts, the private sector raises \$2. He pointed out that the Cultural Council has reduced its budget by 11% by cutting staff, reducing programming, etc.

Darren Smith, 4925 N. Scottsdale Road, chairman of the Scottsdale Convention and Visitors Bureau (CVB), presented what he called a very significant request. With the formation with the new independent Convention and Visitors Bureau, a needs assessment was required. The City of Scottsdale has had many challenges over the last few years with the tourism industry being dealt multiple blows due to over building, the events of Sept. 11th, and a downturn of the economy. In the future, additional challenges are created by the 1,700 hotel rooms being constructed on the border of the City. The bureau defined the course of action needed to address the challenges by identifying the key attributes that make up the Scottsdale experience: golf and spa, arts, and the preserve. The CVB is asking Council to fund the beginning of a new and enhanced art experience in the downtown corridor.

Councilman Ortega explained that the CVB prepared a summary on expenses and revenues which indicates expenses totaling approximately \$500,000 with some additional marketing. He questioned what type of a package would be included in this program. Councilman Ortega suggested that perhaps the tours should include breakfast, lunch, or dinner in the downtown to involve other businesses in the overall

experience for the tourist. Mr. Smith acknowledged that it would be a good idea; however, stated that the packages haven't been defined as of yet.

Frank Jacobson, president of the Cultural Council, responded to additional questions from Councilman Ortega. The excursion program was modeled from the tourism industry overall. He explained that on a cruise, choices of excursions are available. He stated that he was unable to find an instance where a City offers this type of program specifically for the arts. He clarified that just about every tour has a meal connected with it.

Vice Mayor Silverman stated that everyone should benefit from the program or Council couldn't justify providing that much money to the program. Mr. Jacobson explained that the whole idea of the program is to have as wide of an influence as possible. He stated that this program would be the first time that such an inclusive collaboration is attempted.

Councilman Zraket requested clarification as to some of the language in the request for funding. Mr. Jacobson defined the high season as a 10-week period ranging from mid-January to mid-April. He explained that day excursions are mapped out starting in January being held 6-7 days per week. A typical excursion might include a private tour of an art studio followed by lunch.

Councilman Zraket questioned the \$400,000 requested for advertising. Rachel Sacco, CEO of the Convention and Visitors Bureau, explained that the CVB is looking to market 3 legs of Scottsdale including: resort/spa, golf, and arts/culture. The advertising would include advertisement specifically geared to those people interested in arts and culture nationwide.

In response to additional questions from Councilman Zraket, Ms. Sacco stated that the CVB has typically been equally funded by both Paradise Valley and Scottsdale. The \$4 million that the City of Scottsdale has invested in the CVB has been equaled by private sector investment. The CVB's track record indicates that \$43 has been returned for every \$1 the City invested.

Councilman Zraket pointed out that the Enhanced Municipal Services District (EMSD) is taxing themselves to advertise and promote their businesses. He questioned why the City should fund the CVB when other business owners are funding their own advertising. Ms. Sacco explained that the hotel industry invests more money in the CVB than the City does.

Vice Mayor Silverman pointed out that the EMSD promotes local advertising while the CVB would be advertising nationally.

Councilwoman Lukas stated her belief that the arts are important to Scottsdale's identity and economy. She explained that she views this initiative as an investment in the community. She stated her opinion that when an industry is down, you invest in it.

Mayor Manross expressed her opinion that you must invest some dollars in order to make dollars. She stated her belief that it would be a worthy endeavor since Scottsdale is a tourist community.

Marion Murray, (no address given), stated her belief that the City is too optimistic regarding the stock market. She explained her belief that the budget committee only reviewed the process this year. In balancing the budget, she expressed concern regarding the gap in salaries between the City's support staff and the management for the City is too great. She didn't think the City should wait another year to create a new performance plan for City employees. She explained that the City must hold each department responsible to justify its spending. She pointed out that voters expect fiscal responsibility and

micro-examination of the line items in the budget. She stated her belief that there is a great deal of waste in the current budget.

Mayor Manross closed public testimony. An additional 13 cards were received from citizens who did not wish to speak but were in favor of the additional funding for the Cultural Council.

Councilwoman Lukas asked Chief Bartosh for clarification on why he requested the bomb squad in this budget rather than updating technology. Chief Bartosh explained that the squad was requested in the 98-99 budget; however, was delayed. Due to the events occurring around the country, the squad was added back into this year's budget. He pointed out that the planning, training, and implementation of the squad could take up to a year. He also stated that the amount of money wouldn't be a substantial amount in terms of purchasing technology.

In response to additional questions from Councilwoman Lukas, Chief Bartosh explained that the City has 5 traffic officers although currently, 2 of those positions are vacant.

Councilman Ortega stated that the Council ordered the ERA study for the downtown area. One of the top recommendations of that study was to provide Native American as well as Hispanic cultural events. He pointed out that since the CVB compiles monthly reports, the excursion program could be considered a test program. He stated his desire to see the CVB charge a higher fee for the excursions they are proposing.

Councilman O'Hearn questioned the types of budget cuts the Cultural Council initiated. Mr. Jacobson explained that \$3 million was originally requested from Council; however, the cuts have reduced the amount to \$780,000. The \$3 million project was extensive in offering more excursions than presently proposed, 3-6 day events, performing arts and festivals, money for research and development for the second year, and an independent film festival among other festivals.

Councilman O'Hearn asked what type of presentation would be given to Council after the high season if the program is approved. Mr. Jacobson stated that there are several models that could perhaps be used to report the results of the program. He pointed out that people who request information or visit the website could be tracked. He explained that requests for the excursions could also be tracked easily. He stated that with suggestions from City staff, they would try to track the indirect impact of the events on the community.

Councilman O'Hearn urged Mr. Jacobson to focus on the return in investment and connectivity.

Mayor Manross explained that Council's decisions regarding the budget will help ensure the community is even better tomorrow.

PUBLIC COMMENT - NONE

CITY MANAGER'S REPORT - NONE

MAYOR AND COUNCIL ITEMS - NONE

ADJOURNMENT

With no further business to discuss, Mayor Manross adjourned the meeting at 9:27 P.M.

SUBMITTED BY:

Ann Eyerly, Council Recorder

REVIEWED BY:

Sonia Robertson, City Clerk

C E R T I F I C A T E

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular City Council Meeting of the City Council of Scottsdale, Arizona held on the 7th day of May 2002.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this _____ day of May 2002.

SONIA ROBERTSON
City Clerk